



CALIFORNIA GAMBLING CONTROL COMMISSION

300 CAPITOL MALL, SUITE 300, SACRAMENTO, CA 95814

P.O. BOX 526013, SACRAMENTO, CA 95852-6013

(916) 322-3095 · FAX (916) 322-5441

714 P STREET, Auditorium
SACRAMENTO, CALIFORNIA 95814

MINUTES OF COMMISSION MEETING SEPTEMBER 19, 2001

OPEN SESSION

Chairman Hensley called the Commission meeting of September 19, 2001, to order at 1:09 p.m., with Chairman Hensley and Commissioners Sasaki, Smith, and Palmer present.

Staff Present: Gary Qualset, Deputy Director, Licensing and Compliance Division, Peter Melnicoe, Chief Counsel.

Commissioner Hensley requested a moment of silence in remembrance of the victims and their families as a result of the previous weeks terrorist bombings at the World Trade Center and the Pentagon. The Pledge of Allegiance was recited.

Commissioner Sasaki moved to approve the September 5, 2001, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was adopted unanimously.

DECISION ITEMS:

Item 1. Cardroom Approval of Work Permit Applications:

- a. Napa Valley Casino
Cronin, Joseph

Deputy Director Qualset indicated both the Division of Gambling Control and Commission staff recommended approval of the work permit. Commissioner Palmer raised concerns about the Commission being provided all documentation used by the Division as bases for their recommendation. In response, Deputy Director Qualset indicated that Commission staff is working with the Division staff concerning the

Division's procedures, including a checklist of documents required for making a determination. Deputy Director Qualset expects the checklist will be included as standard practice in the near future.

Commissioner Sasaki moved to approve the work permit. Commissioner Smith seconded the motion, which was adopted unanimously.

Item 2. Cardroom Temporary Approval of State Gambling License:

- a. Nineteenth Hole: A General Partnership

Deputy Director Qualset informed the Commission that the Nineteenth Hole failed to file timely for a renewal of license. Both the Division of Gambling Control and Commission staff recommend approval of a temporary license for 90 days to allow Nineteenth Hole to continue to operate during the processing period. Commissioner Smith moved to approve granting a temporary license through December 31, 2001. Commissioner Palmer seconded the motion, which was adopted unanimously.

Item 3. Cardroom Approval of State Gambling License Renewal:

- a. Aldo's Cardroom: Waldo Esquivel, Sole Proprietor
- b. Cibola Club: Danny Figueroa, Sole Proprietor
- c. Gold Rush Casino: Larry Hatler, Sole Proprietor
- d. Hemphill's Card Room: Billy Long, Sole Proprietor
- e. Klondike Casino: Leonard Marquez, Sole Proprietor
- f. Lake Bowl Cardroom: Waldemar Dreher, Sole Proprietor
- g. Palomar Card Club: A Partnership
- h. Phillipine Gardens: Michael Romero, Sole Proprietor

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of Item 3, sub-items a. - h. By request of Commissioner Palmer, sub-item b. was pulled for separate discussion. Commissioner Sasaki noted concerns about applications being filed late and asked Commission staff whether or not penalty fees could be assessed for filing license renewals untimely. Deputy Director Qualset indicated staff would look into the request and that the Commission would probably need to adopt specific language and/or criterion for this purpose in their implementation of regulations. Commissioner Palmer requested Commission staff research the possibility of posting the due dates for license renewal onto the California Gambling Control Commission's website, which Deputy Director Qualset said staff would also pursue.

Commissioner Palmer moved to approve license renewals for Item 3, sub-items a, c, d, e, f, g, and h. Commissioner Sasaki seconded the motion, which was adopted unanimously.

Item 3. Cardroom Approval of State Gambling License Renewal:

b. Cibola Club: Danny Figueroa, Sole Proprietor

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of Item 3, sub-item b. Deputy Director Qualset further stated previously that there existed some questions whether Cibola Club had operated in violation of the Gambling Control Act, however it was determined upon further review that although Cibola Club did not necessarily exhibit sound business practice, it was not in violation of the Act and that the Division would be asked to provide the Commission with follow-up reports. Deputy Director Qualset indicated that with the implementation of regulations, issues involving business practices could be addressed.

Commissioner Palmer noted the Division was recommending approval for one year. However, Commissioner Palmer preferred approval for a six-month period.

Commissioner Smith noted that due to on-going investigation he would also like the license reviewed in six months.

Commissioner Palmer moved to approve renewal of a temporary license for a specified period of six months. Commissioner Smith seconded the motion. Chairman Hensley noted the local authority had granted an extension of the license through December 31, 2001. The motion to grant a license renewal for six months was adopted unanimously.

Item 4. Revenue Sharing Trust Fund Additional Supplemental Report to the Legislature:

Deputy Director Qualset recommended the Commission approve a technical adjustment report to the Legislature that would allow a distribution of funds from the Indian Gaming Revenue Sharing Trust Fund (RSTF) to an additional eligible Non-Compact Tribe with less than 350 gaming devices, the Chicken Ranch Rancheria. This would be a partial distribution for the period of July 1, 2000, through March 31, 2001.

Chairman Hensley commented for the record that the Commission has no ability to control anything other than if a tribe legally qualifies for distribution. Commissioner Palmer asked if information concerning the dates the tribe received the devices and when they were put into operation was available. Deputy Director Qualset indicated no gaming device licenses had been purchased.

Deputy Director Qualset recommended that the Commission (1) approve the report to the Legislature for a proposed technical adjustment and additional \$300,000 partial, supplemental distribution of the unaudited but apparently legitimate gaming device license fee payments in the RSTF to the Chicken Ranch Rancheria that has now submitted the requested information to the Commission; (2) indicate that it is neither affirming at this time the number of gaming devices for which license fees may have been paid, nor the manner in which the compact Tribes calculated their quarterly fee

payments; and (3) retain a fiscally-prudent reserve of approximately \$14.4 million in the RSTF until the basis for the license fee payments and the conflicting license fee payments methodologies are resolved, and until the Commission has complete, audited information on which to base a complete distribution. These were the same standards applied to the distribution to the other tribes.

Deputy Director Qualset submitted written comments received from Cheryl Schmit representing Stand Up For California in opposition to a technical adjustment for the Commissioners consideration. These comments were officially incorporated into the September 19, 2001, Commission Meeting Minutes and are referenced as Exhibit A.

There were no other public comments.

Commissioner Smith moved to approve the technical adjustment report to the Legislature. Commissioner Palmer seconded the motion, which was adopted unanimously.

PUBLIC COMMENT:

John Sustaita, Gambling Consultant, asked if there is any statutory limitation on 1094.5 if a recommendation had not been received. Mr. Sustaita was invited to discuss his particular issue with Commission staff at the office.

CONSENT CALENDAR ITEMS

None

CLOSED SESSION

Chairman Hensley announced that the Commission would be going into closed session. At 1:45 p.m., the Commission adjourned to closed session after Commission Counsel stated that discussions concerning litigation would take place under Government Code Section 11126(c) and 11126(e), and personnel issues under Government Code Section 11126(a)(1).

RECONVENE OPEN SESSION

Chair Hensley reconvened the open session at 3:17 p.m. and indicated there were no announcements from the closed session. Commissioner Smith moved to adjourn the meeting. Commissioner Sasaki seconded the motion, which was adopted unanimously; the meeting was adjourned at 3:20 p.m.